

## CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION

#### PERFORMANCE & COMPENSATION COMMITTEE OPEN SESSION

#### MINUTES OF MEETING

**August 12, 2005** 

The Performance and Compensation Committee met on Friday, August 12, 2005, in the Lincoln Plaza Building, 400 P Street, Sacramento, California.

The meeting was called to order at 10:30 a.m. and the following members were present:

Willie Brown Jr., Chair Priya Mathur, Vice Chair Robert Carlson George Diehr Michael Navarro Kurato Shimada Charles Valdes

#### Other Board Members Present

Toni Symonds representing Steve Westly James Zerio representing Philip Angelides

### AGENDA ITEM 2 – APPROVAL OF THE JUNE 10 AND JUNE 13, 2005 PERFORMANCE AND COMPENSATION COMMITTEE MEETING MINUTES

The minutes were adopted.

## AGENDA ITEM 3 – 2005-2006 PERFORMANCE PLAN MEASURES FOR THE CHIEF EXECUTIVE OFFICER AND CHIEF ACTUARY (FIRST READING)

Chris O'Brien, Human Resources Staff, presented the first reading of the 2005/2006 performance plans for the Chief Executive Officer and Chief Actuary. The Committee asked that additional information be provided under the "Special Projects" performance factor on the Chief Executive Officer's plan.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** the Committee approved the first reading of the performance plans for the Chief Executive Officer and Chief Actuary.

## AGENDA ITEM 4 – 2005-2006 PERFORMANCE PLAN MEASURES FOR THE CHIEF INVESTMENT OFFICER AND HIS DIRECT REPORTING STAFF (SENIOR INVESTMENT OFFICERS) (SECOND READING)

Chris O'Brien, HR Staff, presented the 2005-06 Performance Plan measures for the CIO and his direct reporting staff. One change had been made to the plan of the Senior Investment Officer, Global Equities, to add a qualitative performance measure relative to environmental initiatives. Further revisions to the plans may be made in the future to reflect enterprise-wide goals. All changes will be brought before the Committee.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** the Committee approved the performance plan measures for the CIO and his direct reporting staff, with a slight correction to the sum of performance measure weights on one plan.

# AGENDA ITEM 5 – 2005-2006 PERFORMANCE PLAN MEASURES FOR THE SENIOR PORTFOLIO MANAGERS AND PORTFOLIO MANAGERS (SECOND READING) AND THE 2005-2006 PERFORMANCE PLAN MEASURE FOR SENIOR PORTFOLIO MANAGER (ENVIRONMENTAL INITIATIVES) (FIRST READING)

Pat Chappie, Chief, Human Resources Division, noted that the second part of this subject entitled "and the 2005-2006 Performance Plan Measures for the Senior Portfolio Manager, Environmental Initiatives" will be removed from this agenda, as environmental initiatives will be handled in another manner.

The only change from first reading of the plans reflected the promotion of a Portfolio Manager, Alternative Investments, to Senior Portfolio Manager, Alternative Investments. The performance measures in the plan remain the same. There was some discussion regarding how the weighting of some of the performance factors were described and the need for consistency.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED** the 2005-2006 performance plans for the Senior Portfolio Managers and Portfolio Managers were approved.

#### AGENDA ITEM 6 – CONSIDERATION OF RFP FOR EXECUTIVE COMPENSATION CONSULTANT CONTRACT

Pat Chappie, Chief, Human Resources Division, stated that the RFP for an Executive Compensation Consultant has been drafted. In order to finalize the RFP, staff sought direction from the Committee regarding broadening the scope of services to include asset management companies, as a point of reference, in the biennial salary survey data requested.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED** the Committee recommend to the Board of Administration that the scope of services for an Executive Compensation Consultant RFP be amended to include asset management companies among those whose compensation data is collected for the biennial salary survey.

Mr. Valdes asked staff about the possibility of doing a market survey of the compensation of health benefit officials. Chairman Brown asked Mr. Valdes to discuss this further with Human Resources staff and bring an item back to the Committee in the next few months.

#### AGENDA ITEM 7 - PROPOSED SEPTEMBER 2005 AGENDA

The proposed Agenda for the September Committee meeting was approved as presented.

The meeting adjourned at 10:59 a.m. and reconvened in Closed Session.

The next Performance and Compensation Committee meeting will be held on Friday, September 16, in Sacramento, California.